

Certificate No. **4**

No. of Shares **50,000**

Share Ledger Folio **37**

SHARE CERTIFICATE

AMERINDIA FOODS LIMITED

(Incorporated under the Indian Companies Act, 1956)
 Authorised Capital Rs. 10,00,00,00/-
 Divided into 10,00,000 Shares of Rs 10/- each

This is to Certify that *Shri. Jagjit Singh Pandhara* is the Registered holder of **50,000** Shares of Rupees **10/-** each numbered from **71** to **50,070** both inclusive in the above named Company subject to the provisions of the Memorandum and Articles of Association thereof & upon which calls have been made as per endorsement on reverse.

Given under the common Seal of the said company this **13th** day of **Nov** 20**03**

Authorised Signatory

Director

Managing Director/Managing Director

ANNEXTURE No. **4**

COPY TO COPY
28/11/07
 Examiner
 Date.....

ds
VIJAY DATTA
 Sub Divisional Officer
 Rajouri Garden
 Old Middle School Compound
 Ram Pura, Delhi-110034

801187-2




Pay to the order of
Ruppes

रुपये के खाते में

FOR SHI OF

21 FEB 2007

No. 8905 दिनांक
Date
राष्ट्रपति के सचिव / उपर सचिव / उप
सचिव / सचिव के सचिव / उपर सचिव / अनुभाग
सचिव के सचिव / उपर सचिव / अनुभाग
That
Secretary /
Official of the Government attested


(सुखर यादव/SHEKHAR YADAV)
अनुभाग प्रमुख (ओ.आई.)
Section Officer (O.I.)
सी.पी.वी. प्रभाग/CPV Division
विदेश मंत्रालय, नई दिल्ली
Min. of External Affairs, New Delhi



101108

यूनियन बैंक ऑफ इंडिया
UNION BANK OF INDIA

53 238

21

No. 5

गांधी नगर-422001 (महाराष्ट्र)
Nasik City-422001 (Maharashtra)

30-12-1996

Pay to AMERINDIA FOODS LTD या धारक को or Bearer

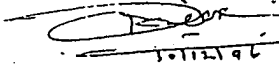
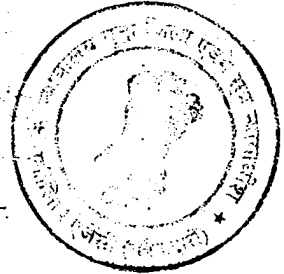
रुपये Rupees Five Lacs only

₹. Rs. 5,00,000

अदा करें

N.R.E.

चुवत बैंक खाता नं. S.B. A/C No. 12459

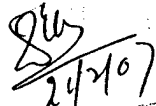

10/12/96FOR THE A/C OF
SHRI JAGJIT SINGH RANDHAWA
USAATTN. SHRI S. BHATIA
D.F.

ANNEXTURE No. 5

COPY TO COPY

Examiner

Date.....


24/10/07
VIJAY DATTA
Sub Divisional Magistrate
Rajouri Garden,
Old Middle School Complex,
Rani Park, Delhi-110035

ब. २५०५० दिनांक 21 FEB 2007

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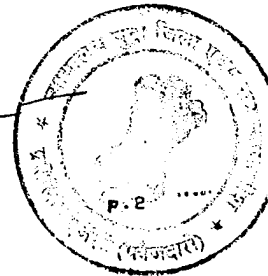
Shekhar
(शेखर यादव/SHEKHAR YADAV)
अवर सचिव (डी.आई.)
Reaction Officer (D.I.)
टी.वी. प्रभाग, D.V. Division
विदेश मंत्रालय, नई दिल्ली
Min. of External Affairs, New Delhi

ANNEXTURE No. 6 - 22

Dec 17 03 04:38p

Bryant H Byrnes

5107632406



TAKE HIS PASSPORT & ALL THE PAPERS
WHICH HE HAS FILED WITH THE U.S. EMBASSY

GIVE HIM ONLY Rs. 10,000.

CHITER SAIN KHANNA, ADVOCATE
QU-39 PITAMPURA SUPREME COURT
NEW DELHI OF INDIA
TEL. 513-3530

IN REFERENCE TO:

TELEPHONE CONVERSATION
RE: IMMIGRATION - (GC STATUS)
OF RACHNPAI SINGH
S/O BALWINDER SINGH

TUESDAY, SEPT 17th, 1996.

MEET MR. KHANNA AT THE
HILTON HOTEL, LOBBY
AT 10:00 A.M.

HILTON HOTEL IS
AT BARAKHANNA ROAD
IN NEW DELHI.
91113329101

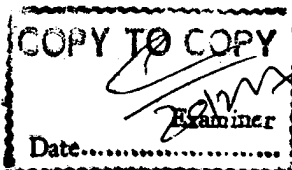
GO TO THE LOBBY MANAGER OF THE
HOTEL & ASK FOR MR. KHANNA

Dec 19 2003 10:14AM P3

FHX NO. : 9157257597

FROM :

ANNEXTURE No. 6



21/11/97
SUBDIVISIONAL MAGISTRATE
Rajouri Garden,
Old Middle School Complex,
Ram Pura, Delhi-110036.

OFFICE
200 TENTH STREET, SUITE 439
BERKELEY, CA 94710
U.S.A.
Tel: 001-549-1855

21 December, 1

Shri Jagjit Singh
2023 Key Boulevard
El Cerrito, CA
U.S.A. 94530

Referenc

सं० २९८५९ दिनांक
No. 29859 Date
सं० २९८५९ दिनांक
No. 29859 Date
सं० २९८५९ दिनांक
No. 29859 Date
सं० २९८५९ दिनांक
No. 29859 Date
सं० २९८५९ दिनांक
No. 29859 Date
सं० २९८५९ दिनांक
No. 29859 Date

21 FEB 2007



(सं० २९८५९) SHEKHAR YADAV
सं० २९८५९ (G.I.)
CPV Division
सं० २९८५९, नई दिल्ली
Sanskriti Affairs, New Delhi

YADAV
(S)
ision
दल्ली
ow Delhi

23
AMERINDIA FOODS LIMITED
231 JAINA TOWERS
VIKASPURI, NEW DELHI 110 018

OFFICE
1000 NORTH STREET, SUITE 439
SAN JOSE, CA 94710
TEL: 408-449-1855

Telephone: 3346451
Fax: 3346452



21 December, 1996

Shri Jagjit Singh Randhawa
2023 Key Boulevard Street
El Cerrito, California
U.S.A. 94530

Reference Number: Corp.3/USA/34

Respected Shri Randhawa Ji:

Today we have received an amount of Five Lakhs and Fifty Two Thousand Rupees towards your investment in our company through Mr. Padam Khanna, our lawyer in the USA. We thank you very much for this investment and hereby inform you that we have already dispatched company material and our proposed construction schedule of our plant at Nasik.

On Fourth of January in the coming New Year, we are holding a Corporate meeting here at our offices in New Delhi. At that time we will issue all the stocks and shares to all the shareholders and elect the Board of Directors. Please confirm your mailing address.

Once again, we thank you for your investment

Very truly yours,

Suresh Bhatia
Director of Finance

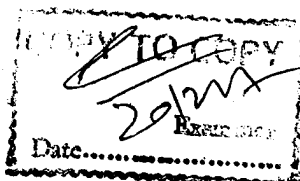
cc. Mr. Chiter Sain Khanna
Chairman

*SLC
Sain Khanna*

EXHIBIT 6

ANNEXTURE No. 7

0020



4/5
24/10/07
VIJAY DATTA
Sub Divisional Engineer
Rajouri
Old Middle School
Ram Pura, Delhi

India Office:
202 Turning Point
Canada Centre
Newark, Massachusetts

No. 59048 दिनांक 12-1-FEB-2007
विभाग विज्ञान संशोधन एवं प्रदर्शन



Sherhar
(शेरहर यादव) SHERHAR YADAV
 सहायक निदेशाधीन (ओ० वा०.)
 Senior Officer (O.I.)
 सी० आर० डी० CPV Division
 विदेश मंत्रालय, नई दिल्ली
 Ministry of External Affairs, New Delhi

ANNEXTURE No... 8...

AMERINDIA FOODS LTD

2500 Tenth Street
BERKELEY, CALIFORNIA 94710

24

Office:
100, Harding Road
P.O. Box 100
Mumbai, Maharashtra State, India 400 002

India Plant:
Dundur, Nasik, India

Telephone: (510) 549-2786
Facsimile: (510) 549-2832



July 7, 1997

Mr. Jagjit Singh
Village Ramdass (Kothe)
Tehsil Ajnala
Amritsar, INDIA

Dear Mr. Rachhpal Singh:

This is to inform you that finally we have been able to secure the permission from the central government for shipping machinery from the United States. We expect to receive the final permission from the Reserve Bank of India very soon. As soon as we have RBI permission we will start shipping the machinery to Nasik. Immediately thereafter you and Mr. Jagjit Singh will be asked to leave for Nasik. We will send you Rs. 5,000 each for the month of August, 1997 along with moving expenses to Nasik. As soon as our machinery and financing is in place, we will raise your salary considerably and invite you and Mr. Jagjit Singh to the United States for training.

Very truly yours,

Arthur Berg

Arthur Berg

AB/ms

*BYC
Kanchan*

ANNEXTURE No... 8...

EXHIBIT 8

0050

20/7/97
20/7/97

8/11/97
VIJAY DATTA
Sub Divisional Engineer
Rajouri Garden,
Old Middle School Building
Ram Pura, Delhi-110036.

19th September

U.S. Office:
3600 Tenth Street
Berkeley, California 94710

India Plant:
Dudhgaon, India

Mr. Jagjit S
Avis Rent A
Oxford & H
Berkeley, C
UNITED S

29047 दिनांक 21 FEB 2007
No. 29047
विवरण
भारत
रिपोर्ट
संख्या
T-1
29047
21 FEB 2007
शेखर यादव/SHEKHAR YADAV
अध्यापक, नवदिल्ली (ओ.ए.ए.)
Section Chief (O.I.)
CPV Division
विदेश प्रशासन, नई दिल्ली
Min. of External Affairs, New Delhi

FL:510-549-2832
ANNEXTURE No. 9

Oct 1 97 15:41 No.001 P.01

AMERINDIA FOODS LIMITED
202, Turning Point, Canada Center
NASHIK, MAHARASHTRA

US Office:
100 Tenth Street
Berkeley, California 94710

India Plant:
Dindori, Nashik, India

Telephone: (0253) 577-334
Facsimile: (0253) 513-733



19th September, 1997

Mr. Jagjit Singh Randhawa
Avis Rent A Car System, Inc.
Oxford & Hearst Street
Berkeley, California 94704
UNITED STATES OF AMERICA

RE: ISSUANCE OF CLASS 'A' PREFERRED STOCK

Dear Mr. Randhawa:

We are pleased to inform you that our registration formalities with the Indian government have been completed. We are now in the process of issuing the stock certificate to our preferred investors. Class 'A' Preferred Stock has been valued at the corporate books at Rs. 50 per share. As your total investment is Rs. 10,00,000, you are entitled to a stock certificate worth 20 lakhs shares.

Our financing is near completion and we will begin constructing our plant in the month of January, 1998.

Please keep us informed of any change in your address.

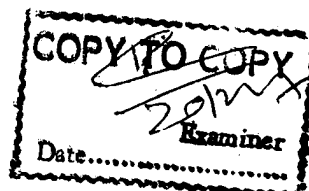
Sincerely,

Virender Kumar
Secretary-Corporate Affairs

Handwritten: A/C
C. S. Ramesh

ANNEXTURE No. 9

EXHIBIT 4



Handwritten: 9/1/2007
VJAY DATTA
Sub Divisional Engineer
Rajput Cement
Old Middle School
Ram Pura, Dahanu

0051

February 19, 2003

PERSONAL AND CO

Kanwal Sain, Financial
Amerindia Foods, Limi
202 Turning Point
Canada Center
Nashik 422-002 M.S.
India

व. नं.
क्र. २९०५६

दिनांक 21 FEB 2007

विदेशी निवास
विभाग / विभाग



(Shekhar Yadav) SHEKHAR YADAV
अनुसंधान अधिकारी (ओ. ए. ए.)
अनुसंधान अधिकारी (O. I.)
विदेशी निवास, CPV Division
विदेशी निवास, नई दिल्ली
Off. of External Affairs, New Delhi

THE STATE BAR
OF CALIFORNIA

1149 SOUTH HILL STREET, LOS ANGELES, CALIFORNIA 90015-2299

OFFICE OF THE CHIEF TRIAL COUNSEL
ENFORCEMENT

TELEPHONE: (213) 765-1000
TDD: (213) 765-1566
FAX: (213) 765-1318

DIRECT DIAL: (213) 765-1171

February 19, 2003

PERSONAL AND CONFIDENTIAL

Kanwal Sain, Financial Controller
Amerindia Foods, Limited
202 Turning Point
Canada Center
Nashik 422-002 M.S.
India

In Re: Case Number: 02-Q-11383
Respondent: Padam Kumar Khanna

Your Reference No.: IN/TN/AM-06

Dear Mr. Sain:

This office is investigating a complaint filed against the California attorney, named above, regarding monies Jaggit and Baljit Randhawa paid to the attorney in the amount of \$25,000.00. These funds were paid to Mr. Khanna in the belief that these funds were being invested in Amerindia Foods, Ltd., otherwise known as Khanna Foods, USA.

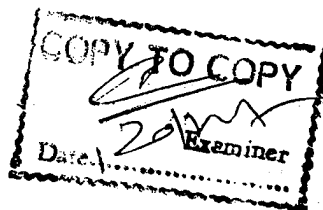
On November 18, 1996, Jaggit and Baljit Randhawa deposited a total of \$16,000.00 in an account in the name of Khanna Foods, USA as an investment. However, they never received an accounting from either the attorney, Khanna Foods, USA or Amerindia Foods, Ltd.

Jaggit and Baljit Randhawa state that they requested a refund of their money, however, they were informed that the monies could not be withdrawn from the account, that the account was closed in 1999 by the attorney and allegedly the funds were turned over to Amerindia Foods, Ltd. and they would have to get the funds from Amerindia. Mr. Khanna states that he requested Amerindia to refund the monies to the Randhawas. However, they never received any portion of these funds.

The bank these funds were placed into was Bank of America, account number 05559-07175, in the name of Khanna Foods, USA. \$9,000.00 was deposited on November 18, 1996 and \$7,000.00 on November 19, 1996.

ANNEXTURE No. 10 (1)

EXHIBIT 'B' 0037



Sub Divisional Magistrate
Rajouri Cantonment
Old Middle School, Old
Ram Road, Lucknow-226005.

Sain, Financial for
February 19, 2003
Page 2

I would appreciate any assi:
Amerindia Foods, Ltd. ever
Khanna account

Mr. Khanna contends that
account to be used strictly
legal representative of Amer

Please provide me with doc
January 1, 1996 through D

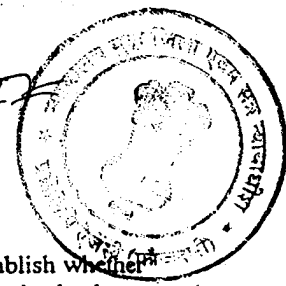
Please provide a response, l
expeditiously as possible.

Thank you for your courtes

No. 29040 दिनांक 21 FEB 2007
स्थिति: विनिर्देशित / नया विनिर्देशित
संज्ञा: विनिर्देशित / विनिर्देशित
संज्ञा: विनिर्देशित / विनिर्देशित
संज्ञा: विनिर्देशित / विनिर्देशित
(कृपया यादव/SHEKHAR TABAN)
संज्ञा: विनिर्देशित (ओ.आई.)
Section Officer (O.I.)
कीर्ति प्रकाश/CPV Division
विदेशी भंडारण, नई दिल्ली
Min. of External Affairs, New Delhi

2007
(ivc)
AR TABAN
ओ.आई.)
(O.I.)
Division
नई दिल्ली
Min. of External Affairs, New Delhi

10(2)



Gain, Financial Controller

19, 2003

Page 2

I would appreciate any assistance you can give me in tracking these funds to establish whether Amerindia Foods, Ltd. ever received these funds and whether Mr. Khanna was authorized to open the Khanna account.

Mr. Khanna contends that Amerindia Foods, Ltd. authorized him to open the Khanna Foods, USA account to be used strictly to pay for expenses and other related expenses incurred by Mr. Khanna as the legal representative of Amerindia Foods, Ltd. in the United States.

Please provide me with documentation that Amerindia Foods, Ltd. did exist during the period from January 1, 1996 through December 31, 1999.

Please provide a response to this letter as soon as possible so that we can resolve this investigation as expeditiously as possible.

Thank you for your courtesy and cooperation in this matter.

Very truly yours,

Alice Verstegen

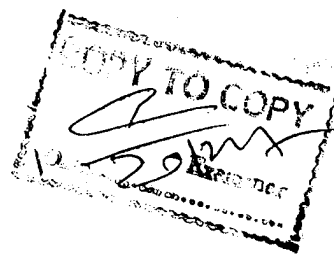
Alice Verstegen
Senior Investigator

AV/nb

10(2)

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HC Khanna



95
21/2/07
VIJAY DATTA
Sub Divisional Magistrate
Rajpuri Garden,
Old Middle School Complex,
Ram Pura, Delhi-110035.

0038

SIGNATURE N

बं०. २४०५५ दिनांक २१ FEB 2007
No.
अतिरिक्त विचार / पत्र / विचार / विचार
महोदय / महोदय / महोदय / महोदय
सर्वोच्च न्यायालय, नई दिल्ली
The
Minister of External Affairs, New Delhi



Shekhar
शेखर यादव / SHEKHAR YADAV
अनुसंधान अधिकारी (सी.आई.)
Section Officer (C.I.)
सी.आई. विभाग, CPV Division
विदेश मंत्रालय, नई दिल्ली
Min. of External Affairs, New Delhi

SIGNATURE No. 11 (1)

CHITER S. KHANNA
ADVOCATE
SUPREME COURT OF INDIA
QU - 39B, PITAMPURA
NEW DELHI

TEL: 3534-9057

Email: chiterkhanna@yahoo.com

12 September, 2003

Alice Verstegen
Attorney, Special Investigator
Office of The Chief Trial Counsel, Enforcement
The State Bar of California
1149 South Hill Street
Los Angeles, California 90015-2299
UNITED STATES OF AMERICA

REFERENCE YOUR LETTER DATED 19/2/2003 AND ADDRESSED TO MR.
KANWAL SAIN, FINANCIAL CONTROLLER OF AMERINDIA FOODS LIMITED
(AFL)

Dear Madam Alice Verstegen:

This reply is to your letter dated 19/2/2003, addressed to
Shree Kanwal Sain, Financial Controller of the above
referenced company which has been forwarded to me for reply.
AFL has been inoperative since 1999. So sorry for the delay.
I am still the Chairman and therefore the proper authority to
reply to your enquiries. Mr. Kanwal Sain also co-signs this
letter.

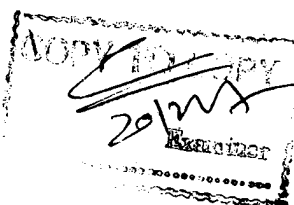
Mr. Padam Khanna and his family in India owned a large farm
where it produced high quality tomatoes and other vegetables
and had the latest technology of crop husbandry and seed
planting along with the hybrid tomato seeds. Mr. Padam Khanna
and AFL entered into a contract in August 1996 Technology
Transfer Contract with AFL wherein Mr. Padam Khanna was to
invest the farm and provide technical know-how in exchange
for equity shares of AFL.

Under the strict Foreign Exchange Regulation Act, 1973 as
amended, this collaboration had to be approved by the Reserve
Bank of India as remittances and dealings in foreign exchange
were involved.

AK
Verstegen

SIGNATURE No. 11 (1)

EXHIBIT C



VIJAY DATTA
Sub Divisional Magistrate
Rajpur Garden,
Old Middle School Compound,
Ram Pura, Delhi-110041

ed:

Mr. Padilla
where he
Dollars
California
This account
for remittance

In January 1997, the Research Group
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USA. The above
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306/96/99
Foods, U
Californ
In November

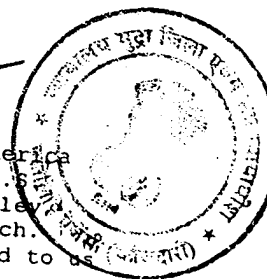
वं० २१८६ दिनांक 27 FEB 2007
 No. २१८६ दिनांक 27 FEB 2007
 कनिष्ठ निदेशिका / पत्र विजयनगर
 मन्त्रालय / विवाह
 रजिस्ट्रार / विवाह
 सतत / विवाह
 (Executive)
 Marriage /



(बिना दायित्व/SHEKHAR YADAV)
 सदस्यता अधिकारी (गो. भा. ०)
 Section Officer (G.I.)
 भारतीय जनता CPV Division
 विदेश विभाग, नई दिल्ली
 Min. of External Affairs, New Delhi

No. 11(2)

-29-



Mr. Padam Khanna was asked to set up an account in America where he could receive the Royalty Payment of 4% in U.S. Dollars. Mr. Padam Khanna opened an account in Berkeley, California U.S.A. in Bank of America, East Shore Branch. This account number 121000358-05559-07175 was provided to us for remittances of foreign exchange from India.

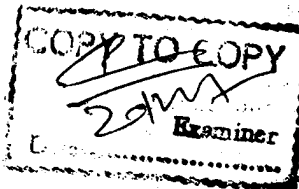
In January 22, 1997, we finally received the permission from the Reserve Bank of India for remittances in U.S. Dollars in lumpsum and the regular Royalty Payments for Khanna Foods, USA. Though, we are not required to furnish any corporate records to you without the Indian Court's orders which probably will take you over five years to find out whether you are entitled to the records or not, I am, willingly, providing a copy of the Reserve Bank of India's permission for remittance of foreign exchange to Khanna Foods, USA. The reference to that letter is EC.CO.FITT.401 /12.51.00/A-306/96/97. We duly registered the said bank account of Khanna Foods, USA, Bank of America, East Shore Branch, Berkeley, California, USA with the Reserve Bank of India.

In November, 1996, if my memory serves me well, I received an urgent telephone call from M. Padam Khanna, who informed me that one of his clients, who also comes from a farming family in Punjab, had deposited \$16,000 U.S. Dollars in Khanna Foods, USA for investment in AFL. He was very upset. His client did it without his permission. Mr. Padam Khanna asked me for help. As a member in good standing of the Supreme Court of India, I advised him that it was highly improper and would violate various Foreign Exchange Regulation Act and Corporation Code statutes of India. One possibility was that he could just return those \$16,000 to his client as he had complete control over the account. However, as per our Technology Transfer Agreement, any dollar funds in Khanna Foods Account, deposited in the name of AFL, would constitute Foreign Exchange remittances under the Foreign Exchange Regulation Act, 1973 (FERA) as amended. That would constitute a violation. Second, the Board of AFL could create legal problems for Mr. Padam Khanna for not seeking advice from AFL and returning the funds deposited for AFL. I, further, advised him that AFL was in the final stages of approval for the Royalty Transfer from the Reserve Bank of India and that we did not want to jeopardize our chances. Hence the safest and the correct step would be to remit the funds to AFL and then we would immediately refund those to his client as unsolicited funds for investment.

It must be pointed out that under the Indian Corporation Code, no company can receive unsolicited funds or deposits in its account. Any request for shares of an Indian company

ANNEXTURE No. 11(2)

2



cls 8/6
21/10/07

VIJAY DATTA

Sub Divisional Magistrate
Rajouri Complex,

Old Middle School Complex,
Ram Pura, Delhi-110035

must be
Dired
accept
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company.
Allotment
considered
this case
of 4 January
and the fee

This was an
received the
(enclosed he
\$16,000 with
Mr. Randhawa
Mr. Padam Kh
Foods account

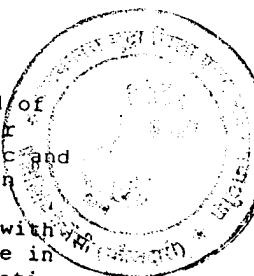
The name of
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सं. २९०१२ दिनांक २१ FEB 2007
No. Date
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भारत / भारत / भारत / भारत
रिजिस्ट्रार / रिजिस्ट्रार / रिजिस्ट्रार / रिजिस्ट्रार
सं. २९०१२ दिनांक २१ FEB 2007
The
MINISTRY OF EXTERNAL AFFAIRS
शेखर तायदय/SHEKHAR TAYADY
अनुभाग अधिकारी (ओ.आई.)
Section Officer (O.I.)
आंतरिक मामला CPV Division
विदेश मंत्रालय, नई दिल्ली
Min. of External Affairs, New Delhi

No. 11 (3)

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must be proscribed through an application to the Board of Directors wherein the Board has the authority to either accept or reject the application. We have a systematic and formal procedure for investment for shares in an Indian company. There is a Register of Shares Application & Allotment which has 22 columns. A proper application with considerable details is to be filled up. None was done in this case. Our records also show that in our Board meeting of 4 January, 1997, the Randhawa matter was duly discussed and the full refund was approved.



This was a very sound advice. On January 29, 1997, we received the final Permission from the Reserve Bank of India (enclosed herewith). Mr. Padam Khanna immediately deposited \$16,000 with AFL in equivalent Indian Rupees in the name of Mr. Randhawa. This fact was duly acknowledged all around and Mr. Padam Khanna was now free to use those \$16,000 in Khanna Foods account any way he wanted.

The name of Mr. Padam Khanna's client was Mr. Jagjit Singh Randhawa. We have no knowledge or record of Baljit Randhawa. Mr. Jagjit Randhawa never mentioned Baljit Randhawa during our various communications. This investment was received without any application and without any solicitation by any member of the Board or by any officer of the company. Mr. Padam Khanna could not either solicit or request Mr. Randhawa to invest in AFL. He was neither a director nor an officer of AFL.

Mr. Randhawa's application for investment was rejected by the Board and the funds so deposited, Rs. 5,52,000 or \$16,000 were earmarked for refund.

Apparently, in my personal opinion and the opinion of the members of the Board, Mr. Randhawa had indeed invested in AFL only on the pretext of getting his brother-in-law and cousin into the United States. Without going into the details, I wish to explain that people from the area where Mr. Randhawa comes from, have adopted unique, novel and desperate measures to get to the United States. I have been personally approached by Mr. Randhawa's brother-in-law and cousin regarding help for getting visas to the United States. When they sent me their passports, I made enquiries. During the course of my enquiries I found out that I could not get the proper information and that their statements were contradictory. I returned their passports and declined to undertake their cause.

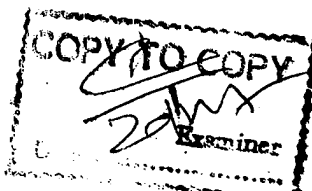
No. 11 (3)

Signature
Padam Khanna

Signature
21/4/07

VIJAY DATTA

Sub Divisional Magistrate
Rajouri Garh,
Old Middle School Complex,
Ram Pura, Delhi-110056.



We have received the sub-section of Regulation 264/2004 grants permit unsolicited AFL was in Mr. Randolph. In the first reminder wherein Mr. his investment requested to shares which can decide application completed a irregularities entries were issued class

21 FEB 2007

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(Signature)
 (Shekhar Yadav/SHEKHAR YADAV)
 Section Officer (O.I.)
 CPV Division
 Ministry of External Affairs, New Delhi

11 (4) -31-

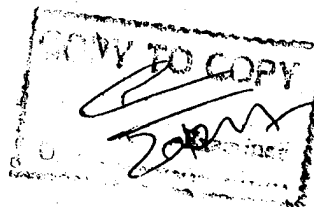
have made every possible effort from 1997 to 1999 to refund the funds to Mr. Randhawa. This has been done as per sub-section (1) of section 9 of the Foreign Exchange Regulation Act, 1973 (46 of 1973) and in supersession of the notification of the Reserve Bank of India No. F.E.R.A. 264/73-R.B. dated 4th October, 1973, wherein the Reserve Bank grants permission to Indian corporate bodies for refunds of unsolicited funds if made in hard currency. In other words, AFL was legally and financially able to refund the money to Mr. Randhawa

In the first week of February, 1997, Mr. Kanwal Sain remembers his conversation with Mr. Jagjit Singh Randhawa wherein Mr. Randhawa replied to Mr. Sain's letter regarding his investment. Mr. Randhawa insisted that he be allowed to invest and that the money not be refunded. Mr. Randhawa requested that he be sent an application for allotment of shares which he would fill out properly and then the Board can decide whether to accept his application or not. An application was sent to Mr. Randhawa. We never received the completed application. However, we acknowledge certain irregularities in our finance department wherein certain entries were made which showed that Randhawa was to be issued Class A Preferred Stock for a pledged investment. This information was later corrected and Mr. Randhawa was duly notified that his investment would be refunded and no stocks would be issued. That letter was mailed to Mr. Randhawa on 18 October, 1997 at his work place address.

Ostensibly, Mr. Randhawa, had other ideas. Mr. Randhawa had insisted that he be given shares and not the money and that the investment would facilitate the visits of his brother-in-law and cousin to the United States of America. AFL and myself have not discussed Mr. Randhawa's AFL investment with Mr. Padam Khanna since our initial discussion. The talks about Mr. Randhawa have resumed between AFL and Mr. Padam Khanna only during the past two months.

The management of AFL had made every possible effort to refund the money, minus nominal charges. It must be pointed out that Mr. Randhawa was in constant touch with the AFL management till late 1997. I have been given to understand that Mr. Randhawa severed his relationship with AFL and never gave us his new address. Since our last communication of 18 October, 1997, we have not heard from Mr. Randhawa and hence we have been unable to refund the said unsolicited investment which was kept in protected escrow account.

ANNEXTURE No. 11 (4)



Handwritten: *c/s 21/10/97*

VIJAY DATTA
Sub Divisional Magistrate
Rajouri Garden,
Old Middle School Complex,
Rajouri Pura, Delhi-110028.

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सं. २१०५० दिनांक २१ FEB 2007

No.
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सं. २१०५० दिनांक २१ फरवरी २००७ / सच विभाग



शेखर यादव / SHEKHAR YADAV
अवर सचिव (ओ.आई.)
अवर सचिव (ओ.आई.)
CPV Division
विदेश मंत्रालय, नई दिल्ली
Min. of External Affairs, New Delhi

11 (5)

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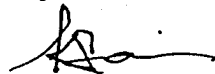
We ceased our operations in 1999. We are in the process of liquidation.

I do hope I have answered all your questions. Mr. Randhawa is neither a share holder nor an Indian citizen. Therefore, he can not require AFL to answer any of his questions. However, we are giving all this information to facilitate your investigation.

We are also very concerned about Mr. Randhawa's statements regarding AFL.

If there is anything else you need to know, please do not hesitate to contact me. We wish to be advised about the developments in this case.

Read, approved, attested &
Signed



Kanwal Sain
Former, Controller Finance

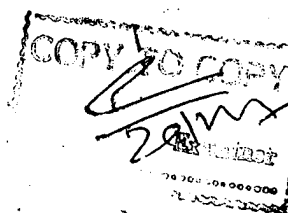
Very truly yours



Chiter S. Khanna
AFL Chairman, AFL



No 11 (5)



846
20/4/07
VIJAY DATTA
Sub Divisional Magistrate
Rajouri Garden,
Old Middle School Compound,
Ram Pura, Delhi-110006.

ORIGIN
7/10/07
DESTINATION

1. ERSTE
Produced Pursuant to Court Order

सं. 29088 दिनांक 21 FEB 2007

विदेशीय विभाग
नई दिल्ली



(Signature)
(सेक्टर अधिकारी/SHEKHAR TABAK)
सहायक अधिकारी (ओ.आई.)
Section Officer (O.I.)
विदेशी विभाग/CPV Division
विदेश मंत्रालय, नई दिल्ली
Min. of External Affairs, New Delhi

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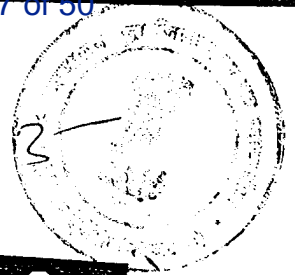


EXHIBIT D

SHIPPER'S COPY

ORIGIN INDIA **DESTINATION** USA

SHIPPER/Consignee
 CHITRA S CHANNA ADVOCATE-
 SUPREME COURT OF INDIA-
 VERACRUZ

Receiver/Consignee
 THE STATE BAR OF
 CALIFORNIA
 90015-2299

City CHITRA S CHANNA ADVOCATE-
Country INDIA
Contact Name CHITRA S CHANNA
Telephone No. 91-44-57-1952
Description of Contents (including marking marks) 17

City THE STATE BAR OF
Country CALIFORNIA
Contact Name THE STATE BAR OF
Telephone No. 90015-2299
Description of Contents (including marking marks) 17

AIRWAY BILL

Dimensions of Consignment (cm)
 Length: X Width: X Height: X

Weight 650.00
Volume/Weight 500.00
Special Charges 19.50
Service Tax 5% 667.50
TOTAL 667.50

Received in good order and condition
 Date: 17/10/07
 Time: 4:00 PM
 Signature: [Signature]

Accepted by DTC Worldwide Express Limited
 Date: 17/10/07
 Time: 4:00 PM
 Signature: [Signature]

ANNEXURE No. 12

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Sub Divisional
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PUBLIC MATTER

FILED

OCT 21 2004

STATE BAR COURT

STATE BAR COURT CLERK'S OFFICE
SAN FRANCISCO

HEARING DEPARTMENT - SAN FRANCISCO

In the Matter of
PADAM KUMAR KHANNA,
Member No. 85229,
A Member of the State Bar.

Case No. 02-O-11383-PEM

DECISION AND ORDER ON
INVOLUNTARY INACTIVE
ENROLLMENT

I. INTRODUCTION

This disciplinary case involves a seasoned attorney who had created a web of deceptions to seduce his unsophisticated clients to invest \$31,000 in a sham corporation and who insists on these same fraudulent and contrived misrepresentations before this Court. His acts of moral turpitude and dishonesty shock the conscience of the legal profession, pose a danger to the public, and degrade the highest possible professional standards for attorneys.

Respondent PADAM KUMAR KHANNA is charged with multiple acts of misconduct in one client matter. The charged misconduct includes (1) failing to comply with certain prophylactic requirements regarding an adverse interest; (2) misappropriating client's investment funds; (3) failing to return client files; (4) failing to render an accounting; (5) misrepresenting to the State Bar regarding the disposition of client funds; (6) misrepresenting to the State Bar about the client files; and (7) failing to cooperate in the State Bar investigation.

This Court finds, by clear and convincing evidence, that Respondent is culpable of all but one of the charged acts of misconduct. Based upon the egregious nature and extent of culpability, as well as the applicable aggravating circumstances, the Court recommends that Respondent be disbarred from the practice of law in California.

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Handwritten signature: P.K. Khanna

ANNEXTURE No. 13(1)

COPY TO COPY

Date.....

Examiner

VIJAY DATTA

Sub Divisional Magistrate
Rajouri Garden,
Old Middle School
Ram Pura, Delhi-110

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(SHEKHAR TABAW)
Joint Division
New Delhi
New Delhi



II. PERTINENT PROCEDURAL HISTORY

The Office of the Chief Trial Counsel of the State Bar of California (State Bar) initiated this proceeding by filing a seven-count Notice of Disciplinary Charges (NDC) on June 25, 2003. On August 4, 2003, Respondent filed a response to the NDC.

At the August 2, 2004 pretrial conference, the parties stipulated to some of the facts underlying the State Bar's charges. These agreed-upon facts were memorialized in a Stipulation As to Facts on August 17, 2004.

A three-day trial was held August 17-19, 2004. The State Bar was represented in this proceeding by Deputy Trial Counsel Tammy Albertsen-Murray. Respondent represented himself.

At the close of the hearing, the parties agreed to submit closing trial briefs on September 1, 2004. The Court took this proceeding under submission on September 7, 2004, after the parties had filed closing trial briefs.

III. FINDINGS OF FACT AND CONCLUSIONS OF LAW

A. Jurisdiction

Respondent was admitted to the practice of law in California on May 15, 1979, and has been a member of the State Bar of California at all times since that date.

B. Findings of Fact

The following findings of fact are based on the parties' partial stipulation of facts and the evidence and testimony introduced at this proceeding. Other than Respondent, the witnesses who testified at trial were Jagjit Singh Randhawa, Baljit Randhawa, attorney Bryant H. Byrnes, and State Bar investigator Alice Verstegen. The Court finds Respondent's testimony to be self-serving and not credible. However, the Court finds the other witnesses to be credible.

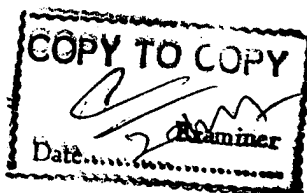
1. Representation of Baljit Randhawa

Jagjit Singh Randhawa and Baljit Randhawa are Indian immigrants who speak very limited English. Jagjit has been a gas station attendant in Oakland since 1989 and had a second job at a car rental company in Berkeley until 2000. His wife, Baljit, has worked at a fast food restaurant for the past six years.

While working at the car rental company, Jagjit met Respondent, who was a frequent

-2-

ANNEXURE No. 13(2)



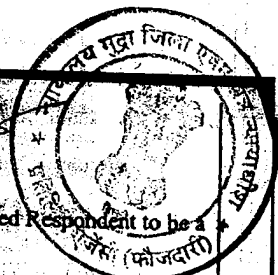
C/S 8/20/07
VIJAY DATTA
Sub Divisional Magistrate
Rajouri Garden,
Old Middle School Complex,
Ram Pura, Delhi-110055

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Shekhar
शेखर यादव / SHEKHAR YADAV
अध्यक्ष, एन.डी. (सी.एफ.डी.)
एन.डी. (सी.एफ.डी.)
NPV Division
नई दिल्ली
Ministry of External Affairs, New Delhi



...mer there and speaks Jagjit's native language, Punjabi. Jagjit considered Respondent to be a friend because of their common culture and language.

Between 1996 and 1999, the Randhawas hired Respondent to represent them in several legal matters.

In 1996, Respondent provided legal services on behalf of and advice to Baljit in three matters: (1) Vehicle Code violations; (2) Temporary Restraining Order (TRO); and (3) shoplifting. There was no fee agreement.

The Randhawas testified that they paid Respondent the fees he had charged. Jagjit paid Respondent \$1,000 for the Vehicle Code violations case and \$500 for the shoplifting matter. He did not ask for a receipt. Respondent discussed the TRO matter with Baljit but did not charge any legal fees.

Therefore, the Randhawas did not owe Respondent any legal fees in those three matters.

a. Respondent's Contentions

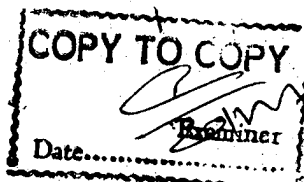
Respondent denies that he had ever received any compensation for his services in the Vehicle Code violations case or the TRO matter. Respondent testified that although he did not represent Baljit on the TRO matter, he did discuss the matter with her and had expected to be paid. But Respondent did not have a written fee agreement with the Randhawas and never asked for any fees.

Respondent further claims in a July 13, 2001, letter to the Randhawas' subsequent counsel, attorney Bryant H. Byrnes,¹ that the Randhawas owed him an additional \$4,500 for his representation in the shoplifting matter. But Baljit did not plead guilty to shoplifting and was let off on a fine of \$100. Moreover, Respondent testified he did not have a copy of any written fee agreement and that he does not remember whether he charged a flat fee.

Thus, Respondent's contention that the Randhawas still owe him legal fees in Baljit's three matters is without merit.

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¹State Bar exhibit 9, p. 9.



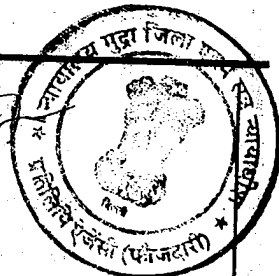
NO. 13(3)
 8/26
 20/2/07
 VIJAY DATTA
 Sub Divisional Magistrate
 Rajouri Garden,
 Old Middle School Complex,
 Ram Pura, Delhi-110035

21 FEB 2007

No. 2424
 Date 11/11/1944
 Name Dr. H. V. J. J. J.
 Address 11/11/1944
 City 11/11/1944
 State 11/11/1944
 Country 11/11/1944
 Occupation 11/11/1944
 Signature 11/11/1944
 Remarks 11/11/1944



1
 (शेखर यादव/SHEKHAR YADAV)
 जूनियर ऑफिसर (ओ. ना. ०.)
 जूनियर ऑफिसर (O.I.)
 CPV Division
 विदेश मंत्रालय, नई दिल्ली
 M. of External Affairs, New Delhi



2. Representation of Jagjit Randhawa

Respondent represented Jagjit in two legal matters.

In or about 1996, Respondent represented Jagjit in one DUI case. Respondent charged him \$2,500 which Jagjit paid. Again, there was no written fee agreement.

In 1997, Jagjit hired Respondent to retrieve some of his personal property from a friend's house. Jagjit paid Respondent \$700 to handle the case, as charged by Respondent. The Randhawas paid Respondent in full.

a. Respondent's Contentions

Respondent claims that he charged Jagjit \$3,000 for the DUI matter and that he received only \$500. As a result, Respondent argues that Jagjit still owes him the balance of \$2,500.

Respondent also contends that he charged the Randhawas \$3,500 for the personal property case but received only \$500. Respondent admits that while he thinks he gave Baljita a fee agreement in this matter, he does not have a copy even though it is his policy to keep a copy of his fee agreements.

Respondent's contention that the Randhawas still owe him legal fees in Jagjit's two matters is rejected.

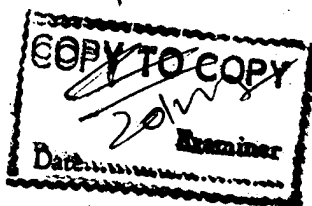
3. The Randhawas' Investment in Amerindia Foods Limited

Amerindia Foods Limited (AFL) is a food company incorporated in 1992 that is supposedly located in India. AFL's primary business purpose was to manufacture mango juice and manage a large tomato farm in India. According to Respondent, he was one of AFL's principal founders. Other founders included his family and relatives. Respondent was AFL's President of the North American branch and legal counsel in the United States. Respondent's brother, Chiter S. Khanna, was AFL's chairman. In 1996, when his brother had a heart attack, Respondent was sometimes referred to as the chairman of AFL. Respondent testified that between 1995 and 2003, the company tried to acquire machinery but was unsuccessful.

In June 1995, Respondent opened a checking account at Bank of America in the name of Khanna Foods, USA, account number 05559-07175 (Khanna Foods account). According to Respondent, Khanna Foods, USA was not a company – it was his own business name. Respondent

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ANNEXTURE No. 13(4)



o/s 8/6
24/4/07
VIJAY DATTA
Sub Divisional Magistrate
Rajouri Garden
Old Middle School Complex,
Ram Pura, Delhi-110034.

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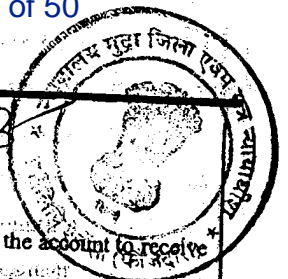
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ई. ४००३५ दिनांक
 No. ४१९
 अधिष्ठाता, पुलिस, दिल्ली / जन डिविजनेस
 गतिविधि / निवाह
 रजिस्ट्रार



(सहस्र यादव) SHEKHAR YADAV
 अधिष्ठाता, पुलिस (ओ.आई.)
 Section Officer (I.)
 CPV Division
 निवाह, नई दिल्ली
 Ministry of External Affairs, New Delhi



admitted that he was the sole proprietor of Khanna Foods, USA. He set up the account to receive royalty payments from AFL for technology that he and his mother had developed with respect to hybrid tomato seeds and to pay any incidental expenses that Respondent as legal counsel for AFL incurred in the United States.

In 1996, while representing the Randhawas, Respondent frequently discussed with Jagjit about AFL, its lucrative potentials, and the window period that the Randhawas could also partake in this business venture. Respondent enticed the Randhawas to invest in AFL. After viewing the company brochure and placing their trust on Respondent as a friend and attorney, the Randhawas became convinced of AFL's profitability and hurriedly gave Respondent \$25,000 for investment in AFL within the deadline before Respondent left for India in November 1996. In return, the Randhawas were to receive certain shares of stock in AFL.

Respondent provided the Randhawas with deposit slips to his personal bank account and Khanna Foods account. Respondent instructed them that each deposit should be less than \$10,000 to avoid the scrutiny of tax officials. The deposit made in Respondent's personal bank account was for investment and not for payment of legal fees.

In accordance with Respondent's instructions, the Randhawas invested \$25,000 in AFL by making three deposits in Respondent's bank accounts at Bank of America as follows:

Date of Deposit	Amount	Account No.
11/18/96	\$ 9,000	05557-07176 (Respondent's personal account)
11/18/96	\$ 9,000	05559-07175 (Khanna Foods account)
11/19/96	<u>\$ 7,000</u>	05559-07175 (Khanna Foods account)
Total	\$25,000	

Respondent then left for India. On November 25, 1996, Respondent issued a check made payable to himself from the Khanna Foods account in the amount of \$4,000 for his Indian trip. (State Bar exhibit 6, p. 47.)

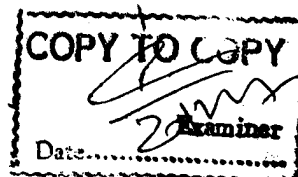
While Respondent was in India, he called the Randhawas to tell them that they would have

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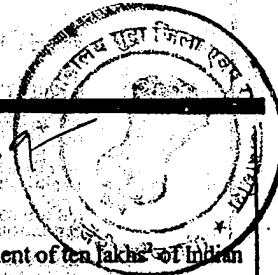
ANNEXTURE No. 13(5)



CLs 8/15
21/167
VIJAY DATTA
Sub Divisional Magistrate
Old Middle School Complex,
Ram Pura, Delhi-110035.

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SHERKHAR YADAV
 जन्मस्थान: बिक्रितारी (जो. भाई.)
 Section Officer (I.L.)
 CPV Division
 नई दिल्ली
 External Affairs, New Delhi



to pay an additional \$5,000 to \$6,000 in cash in order to have an investment of ten lakhs² of Indian Rupees. When Respondent returned from India, the Randhawas paid Respondent the additional \$6,000 in cash as requested. They had borrowed the money from Jagjit's father.

Between December 1996 and September 1997, AFL sent three letters to Jagjit, confirming the receipt of his investment funds and promising the imminent issuance of stock certificates worth 20 lakhs shares.³

Despite Respondent's and AFL's repeated promises and Jagjit's constant inquiries regarding AFL stock, to date, the Randhawas have not received a single stock certificate or any evidence of their investment.

Contrary to Respondent's assertion that he set up the Khanna Foods account to receive royalty payments from AFL and to pay any incidental expenses that Respondent as legal counsel for AFL incurred, Respondent used the account to pay Respondent's personal bills and purchases. In December 1996, he paid \$1,827 for a computer, \$1,028.38 for another computer and \$200 with a notation "Happy Holiday," and \$100 to Household Credit Services, Inc. In January 1997, he paid \$330.97 to PacBell and \$20 for a parking citation.

In 2001, after it became clear to the Randhawas that they were never going to receive a single stock certificate or any evidence of their investment, the Randhawas hired attorney Bryant H. Byrnes to assist them in recovering and/or obtaining an accounting of their investment funds. On June 29, 2001, Attorney Byrnes wrote to Respondent, asking for an accounting of the investment funds and legal fees that the Randhawas had paid.⁴

On July 13, 2001, Respondent listed the Randhawas matters and stated that he had received \$2,100 in legal fees from the clients but that they still owed him about \$19,000.⁵ However, he did not provide an accounting of the fees or the investment funds. Respondent further wrote:

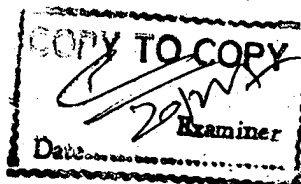
²A lakh is a unit in Indian currency.

³State Bar exhibit 28, pp. 3, 4 and 6.


⁴State Bar exhibit 9, pp. 8-12.

⁵State Bar exhibit 9, p. 8.

ANNEXTURE No. 13(6)



cls
V. J. DATTA
Sub Divisional Magistrate
Ram Pura, Delhi-110036.
Old Middle School Complex,
Ram Pura, Delhi-110036.


 (सुख यादव/SHEKHAR TABWAR)
 प्रवक्ता अधिकारी (सी.आई.)
 Section Officer (C.I.)
 भाषा विभाग, CPV Division
 विदेश विभाग, नई दिल्ली
 Min. of External Affairs, New Delhi

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"Since June 1999, when I disassociated from Mr. Randhawa, he has repeatedly threatened and harassed me about his claimed investment in the Indian project. I have repeatedly told him to please show the receipts of the money which he claims he sent to India or deposited in my account for payment of fees."

In other word, Respondent was denying he had ever received the investment funds from the Randhawas unless they had proof. Meanwhile, the \$16,000 in the Khanna Foods account was depleted by 2001.

On July 18, 2001, attorney Byrnes again wrote to Respondent requesting that Respondent allow him an opportunity to see six Randhawas client files.⁶ On August 7, 2001, Respondent replied that these were closed files, he would have to locate them, and due to the press of business he would not be able to do anything about the files until the end of August. On September 18, 2001, attorney Brynes again requested that Respondent make available to him the Randhawas' files.⁷ On September 21, 2001, Respondent replied:

"I am extremely busy till the 15th of October, 2001. However, I can certainly send the copies of all the files ... which I have been able to locate. Those certainly belong to him and he has an absolute right to those files. I will charge you the going rate for copying and my time."⁸

Although Respondent replied, his answers were nonresponsive. Respondent did not return the files or provide an accounting. In December 2001, attorney Byrnes assisted the Randhawas in filing a complaint with the State Bar. When the State Bar wrote to Respondent in January 2002 about the return of the client files, he replied:

"[T]his is the first time I have been requested to do so. Neither the Randhawas nor their attorney Mr. Byrnes had asked for the files to be sent."⁹

In the April 2002 response, Respondent wrote: "I did not know who to send the files to." Respondent finally returned the files to attorney Byrnes in April 2002.

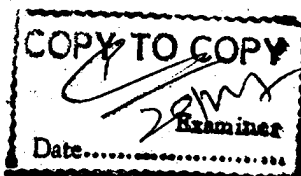
⁶State Bar exhibit 9, p. 13.

⁷State Bar exhibit 9, p. 15.

⁸State Bar exhibit 9, p. 17.

⁹State Bar exhibit 11.

ANNEXTURE No. 13(7)



clt 20/10/07
VIJAY DATTA
Sub Divisional Magistrate
Raipuri Gaden,
Old Middle School Com. X,
Ram Pura, Delhi-110055.

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No. 29042 Date 21 FEB 2007
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महाराष्ट्र / महाराष्ट्र / विभाग
महाराष्ट्र / महाराष्ट्र / विभाग
सचिव विभाग
The Secretary / (Executive)
Minister / Minister of Home Affairs
Minister of Home Affairs



(शेखर यादव/SHEKHAR YADAV)
सहायक सचिव (सी.आई.डी.)
Section Officer (C.I.D.)
विदेश मंत्रालय, नई दिल्ली
Min. of External Affairs, New Delhi



a. Respondent's Contentions

Respondent denies that he had ever given the bank deposit slips to the Randhawas or instructed them to make such deposits. He argues that those bank deposit slips must have been stolen from his office because he had no idea how the Randhawas obtained access to those deposit slips.

In a January 30, 2002 letter¹⁰ to State Bar Complaint Analyst, Rebecca Foley, Respondent wrote:

"The Randhawas never paid me \$25,000 for a business investment. As Randhawas were my clients, they were strictly prohibited to invest money in any of my personal investments."

Respondent stated that on November 18, 1996, Jagjit called him after he deposited \$9,000 in Respondent's personal bank account as partial payment for his legal fees and \$9,000 in the Khanna Foods account and threatened that he was going to deposit another \$16,000 into the Khanna Foods account in the next few days. Respondent recalled being very upset that Jagjit deposited \$9,000 for investment in the Khanna Foods account. He also blamed the Randhawas for being "out of control and uncooperative during their status as [his] clients." He opted to withdraw as their counsel but stayed on when they pleaded total ruin because of language and cultural barriers." He contended that the Randhawas still owed him more than \$19,000 in legal fees.

He further alleged in his January 2002 letter that once he sent the money to AFL, it was AFL's responsibility to return the \$16,000 to the Randhawas and that he had "nothing to do with [Jagjit's] investment."¹¹ He also wrote: "Because of not being able to exercise any control over Randhawas I closed both account sometimes in 1999."¹²

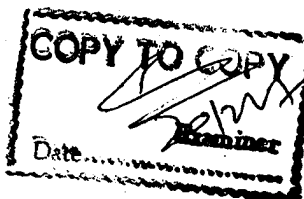
Respondent claimed that he told Jagjit that investing in AFL was absolutely forbidden

¹⁰State Bar exhibit 11.

¹¹In Respondent's January 30, 2002 letter to the State Bar, Respondent stated, "Since 1999, Mr. Randhawa has been enquiring about his investment in AFL. I have repeatedly told him that I have nothing to do with his investment and that he should contact AFL directly." (State Bar exhibit 11.)

¹²State Bar exhibit 11.

Handwritten signature: A/C



Handwritten: c/s 21/4/07
VIJAY DATTA
 Sub Divisional Magistrate
 Rajpuri Garden,
 Old Middle School Complex,
 Ram Pura, Delhi-110039

EXHIBIT NO. 13(8)

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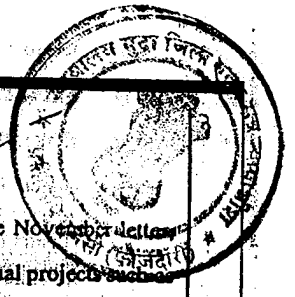
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that on November 18, 1996, he sent Jagjit a letter to that effect.¹³ In the November letter, Respondent warned Jagjit that he could not invest in any of Respondent's personal projects such as the AFL. He admonished Jagjit not to invest any money in AFL. He also told Jagjit that he was sending Jagjit's investment funds to India and would advise AFL not to allow Jagjit to invest and to return the money. But the Randhawas testified that they never saw that letter.

In an April 11, 2002 follow-up letter to the State Bar,¹⁴ Respondent purported to be intrigued by Jagjit's knowledge of his personal and AFL accounts at Bank of America. He also claimed that since Jagjit, on his own initiative, deposited the funds for investment, his fiduciary duty as the attorney for AFL was to forward the money to AFL (which was their notice of the investment) and request that AFL then return the money to the Randhawas.

At trial, Respondent testified that when he learned that the Randhawas had deposited \$16,000 into his Khanna Foods account, he asked his mother in India, who was a shareholder in royalties to AFL, to give \$16,000 to AFL. Respondent reckoned that once his mother transferred \$16,000 to AFL, the \$16,000 in his Khanna Foods accounts was then his personal money. He further testified that the \$9,000 deposited in his personal account was for outstanding legal fees that the Randhawas still owed.

The Court finds Respondent's contentions absolutely unbelievable and unreasonable and rejects his fabricated stories. In particular, Respondent was at a loss to explain where his mother obtained the \$16,000 to give to AFL in India. Respondent told the Randhawas to pursue the refund of their investment funds from AFL directly and not from him because he could not touch the funds in the Khanna Foods account. Yet, he considered the \$16,000 in the account as his personal money.

More important, the Court does not believe that the entity of AFL even existed. Respondent has produced no independent reliable evidence, other than photocopies of uncertified documents and letters from alleged officers of the company.

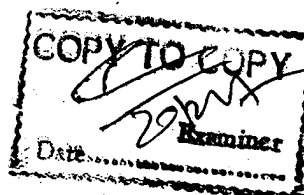
Assuming that AFL was incorporated in 1992 and the Khanna Foods account was

¹³State Bar exhibit 28, p. 2.

¹⁴State Bar exhibit 13.

Handwritten signature: D.K. Saxena

ANNEXTURE No. 13(9)



Handwritten signature: Vijay Datta
 VIJAY DATTA
 Sub Divisional Magistrate
 Rajouri Garden,
 Old Middle School Complex,
 Ram Pura, Delhi-110056.

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अतिरिक्त विभा. नमिस्ट / सन डि विजनस

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सदर नमिस्ट / नमिस्ट

The Secretary, Ministry of External Affairs (Ex-10/11)

Ministry of External Affairs, New Delhi

Ministry of External Affairs, New Delhi



(सुखर यादव/SHEKHAR YADAV)

सुखर यादव (सी.पी.वी.)

Association Division (CPV)

विदेश मंत्रालय, नई दिल्ली

Min. of External Affairs, New Delhi

4 ended in 1995 for the purpose of AFL doing business in United States, between the years 1996 and
 5 1999, other than the Randhawas' \$16,000 deposit in November 1996 and a \$100 deposit in January
 6 1997, the account had no other deposits during those three years. The balance ranged between
 7 \$22.41 in September 1996 and (\$59.44) in January 1997, excluding the Randhawas' deposit.¹⁵ By
 8 May 1999, the balance was zero. Such a business account is clearly suspect. Respondent self-
 9 righteously claimed that he had to close the bank accounts because the clients were out of control
 10 when in fact, there were no other substantial transactions except for the \$25,000 in November 1996.

11 Moreover, there is no evidence that the alleged letters from AFL were mailed from
 12 India. The December 21, 1996, letter¹⁶ from the Director of Finance of AFL, informing the
 13 Randhawas that AFL received their investment of five Lakhs and 52,000 Rupees and that stocks and
 14 shares would be issued in January 1997, was personally delivered to the Randhawas by Respondent.
 15 Similarly, the September 19, 1997, letter,¹⁷ informing the Randhawas that AFL was in the process
 16 of issuing the class A preferred stock certificate worth 20 lakhs shares to the Randhawas, was also
 17 personally delivered to the Randhawas by Respondent.

18 In February 2003, the State Bar investigator Alice Verstegen wrote letters to the
 19 alleged officers of AFL in India - Financial Controller, the Secretary-Corporate Affairs and the Vice-
 20 President of Human Resources - regarding the Randhawas' investment in AFL. She never received
 21 replies from these individuals.¹⁸ Instead, the State Bar received a letter from Chiter S. Khanna,
 22 Respondent's brother and purportedly the chairman of AFL, dated September 12, 2003.¹⁹ The letter
 23 coincidentally corroborates Respondent's side of the story. But the suspicious letter was delivered
 24 to the State Bar in an envelope without any postage markings and Verstegen was never able to track
 25 down its origin of mailing. Respondent blamed the missing original envelope from India on the

26 ¹⁵State Bar exhibit 6.

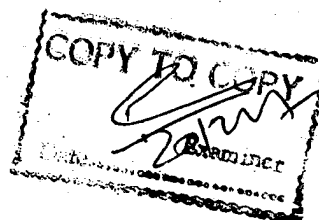
27 ¹⁶State Bar exhibit 28, p. 3.

28 ¹⁷State Bar exhibit 28, p. 6.

¹⁸State Bar exhibit 21.

¹⁹State Bar exhibit 27.

ANNEXURE No 13(10)



ds 24/2/07
VIJAY DATTA
 Sub Divisional Magistrate
 Rajouri Colony
 Old Middle School Campus
 Ram Pura, Delhi-110038

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Minister ...



(बं. २५०२९) SHEKHAR YADAV

अनुमान अधिकारी (सी.पी.वी.)

Section Officer (C.P.V.)

सीपीवी विभाग, CPV Division

विदेश मंत्रालय, नई दिल्ली

Min. of External Affairs, New Delhi



State Bar's destruction of evidence. Absent any evidence of tampering, the Court believes that Respondent somehow had the letter delivered to the State Bar and not necessarily from India.

Chiter Khanna's letter contradicted the other alleged letters from AFL. He wrote that AFL would immediately refund the money to the Randhawas as unsolicited funds for investment. In fact, he stated that "we have made every possible effort from 1997 to 1999 to refund the funds to Mr. Randhawa." While he indicated that the investment was prohibited and that its financial department made an error regarding the issuance of the stock, there is no evidence of the alleged October 18, 1997 follow-up letter correcting its error. He further claimed that AFL ceased operations in 1999 and was in the process of liquidation, some five years later. In sum, the letter conveniently supported Respondent's arguments without any credible evidence.

Finally, Respondent is supposedly the legal counsel for AFL, yet he could not produce any certified copies of AFL's articles of incorporation. In fact, he could not produce any certified copies of documents proving AFL's legal existence. Respondent may have had originally intended AFL to be a legitimate business. Yet, it never got off the ground. AFL became a sham corporation, unbeknownst to the Randhawas. But Respondent knew. Nevertheless, Respondent maintains that the current status of AFL is good in 2004 even though AFL's chairman stated that they were in the process of liquidation in 2003.

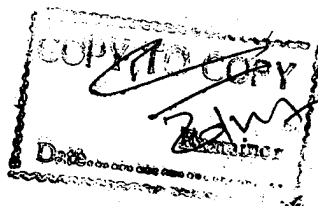
C. Conclusions of Law

1. *Count One: Avoiding Interests Adverse to a Client (Rules Prof. Conduct, Rule 3-300)*²⁰

Rule 3-300 provides that an attorney must not enter into a business transaction with a client or knowingly acquire an interest adverse to a client unless the transaction or acquisition is fair and reasonable to the client, is fully disclosed to the client, the client is advised in writing that the client may seek the advice of an independent lawyer of the client's choice and is given a reasonable opportunity to do so, and the client thereafter consents in writing to the transaction or acquisition. The purpose of this rule is to "recognize the very high level of trust a client reposes in his

²⁰References to rules are to the current Rules of Professional Conduct.

ANNEXTURE No. 13(11)



c/s *[Signature]*
21/11/07
VIJAY DATTA
Sub Divisional Magistrate
Rajouri Garden
Old Middle School Compound
Ram Pura

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 (विदेश मंत्रालय)
 अनुसंधान विभाग (सी.आई.)
 Section Officer (C.I.)
 सी.आई. विभाग, CPV Division
 विदेश मंत्रालय, नई दिल्ली
 Min. of External Affairs, New Delhi